

**STATEMENT OF MICHAEL S. DUKAKIS
ON S. 837-THE AUTO CHOICE REFORM ACT OF 1999 BEFORE THE
SENATE COMMITTEE ON COMMERCE, SCIENCE AND TECHNOLOGY**

June 9, 1999

Last September I and others testified before you on the auto choice reform bill.

I said to you at the time that the current mishmash of liability laws and insurance plans that govern the way we compensate people for their injuries and losses was unacceptable; that despite noble efforts to reform our auto insurance laws in Massachusetts and elsewhere, we were still falling short; and that we had a golden opportunity to provide the motorists and citizens of this country with a "tax cut" in the form of reductions in their auto insurance premiums that dwarfed any proposal for tax relief that could possibly pass the Congress.

I went on to point out that the beauty of the auto choice bill before you was that it didn't compel anybody to do anything they didn't want to do, but that it did give those of us-- and I believe I speak for the vast majority of Americans-- who are fed up with the present system an alternative that could provide us with better and faster compensation and billions of dollars in rate relief at the same time.

The only thing that has changed since I appeared before you in September is that I just received my 1999 auto insurance bill, and there is nothing like the bill I got in the mail to wonderfully concentrate one's mind on this problem. I will be paying in excess of two thousand dollars for insurance on a two year old Ford Contour. And this in a state where auto insurance premiums have been relatively stable over the past several years.

Of course, I'm lucky. I live in Brookline, the first suburb just west of Boston. If I lived just over the line in the Jamaica Plain section of Boston, I would be paying hundreds of dollars more.

In the meantime, this Congress and the President are seeking ways to encourage the revitalization of our older cities. Community development block grants and empowerment zones are part of that agenda. The Vice-President is warning of the dangers of urban sprawl. But how can we possibly expect to encourage more and more Americans to live, work and invest in our cities when we make it prohibitively expensive to live there? How can we expect welfare mothers to get off welfare and go to work when it costs them over two thousand dollars to put a car on the road?

And the savings from auto choice are enormous. In my state alone motorists stand to reap premium reductions of between one billion and two billion dollars a year. Contrast that with a tax cut just voted by the state House of Representatives that would give the average working family a total tax break of sixty-five dollars a year. Best of all, a large percentage of those billions in premium reductions will be going to the people who need them and deserve them the most-- the residents of our urban neighborhoods. I'm still looking for some credible

explanation from the opponents of this bill as to why it should not be passed overwhelmingly by a bipartisan Congress and accepted enthusiastically by the states. Their latest argument is the most absurd of all. We are now told that people cannot be trusted to make the right choice.

Those of us who strongly support auto choice have a lot more faith in the American people. We know that they must make choices about insurance and other products in the market place every day, and we know that they are perfectly capable of looking at the options that auto choice offers them and making an informed decision. In fact, I will be astonished if the overwhelming majority of them does not choose the less expensive option- auto insurance that will compensate them promptly and generously for their economic losses without having to sue the other guy and save them billions of dollars at the same time.